

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 12, 2008 **Bill Number:** S.B. 820

Authors: Knotts; Bryant; Setzler; Ford, *et. al.*

Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 25-11-100 so as to provide a bonus to veterans returning home from active duty service as a result of the September 11, 2001, terrorist attacks and to provide that the bonus amount is equal to five hundred dollars.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund individual income tax revenue by an estimated \$959,871 in FY2008-09.

Explanation

This bill would add Section 25-11-100 to allow any veteran, or the dependents of a deceased veteran, to receive a veterans' bonus of five hundred dollars upon an application filed with the Division of Veterans Affairs as a result of the September 11, 2001 terrorist attacks. The veteran must have been a legal resident of South Carolina for at least six months immediately preceding entry into the armed forces, or a reserve component of the armed forces; is still in, or was separated under honorable conditions or honorably discharged from the armed forces, a reserve component of the armed forces, or the S.C. National Guard; and served for at least thirty days on active duty in the armed forces, or a reserve component of the armed forces. Eligible active duty includes any active duty since September 11, 2001. Applicants must verify proof of residency and familial relationships from information obtained from the Defense Enrollment Eligibility Reporting System. Applicants must also verify proof of active duty status by furnishing a copy of the orders issued by an authorized headquarters ordering the member to active duty status. According to the latest figures from the U.S. Department of Defense, an average of 3,164 active duty military recruits each year are South Carolina residents. Another 7,787 South Carolina National Guard and reserves have been deployed in the global war on terror. Multiplying 33,099 active duty veterans (3,164 recruits times 8 years plus 7,787 Guard and reservists) from South Carolina engaged in Operations Enduring Freedom & Iraqi Freedom since September 11, 2001 by a \$500 veteran's bonus, and applying an average tax rate of 5.8 percent, yields a reduction of General Fund individual income tax revenue of an estimated \$959,871 in FY2008-09.

/s/ WILLIAM C. GILLESPIE, PH.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.